

TOP SECRET

16 April 1959

Copy No. C 62

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 27
NO CHANGE IN CLASS. X
1. UNCLASSIFIED
CLASS. CHANGED TO: TS 3016
NEXT REVIEW DATE: 2016
AUTH: HR 70-2
DATE 4.14.86 REVIEWER:

DOS and DIA review(s)
completed.

TOP SECRET

25X1

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

Next 1 Page(s) In Document Exempt

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

25X1

CENTRAL INTELLIGENCE BULLETIN

16 April 1959

DAILY BRIEF

25X1

I. THE COMMUNIST BLOC

OK
Ceylon - Communist China: Ceylon and Communist China, in meetings at Peiping, are having difficulty reaching agreement on terms for their annual rice-rubber contract. Burma, a traditional supplier of rice to Ceylon, has a large surplus this year and could fill Colombo's needs in the event of a breakdown in Sino-Ceylonese talks. Ceylon could probably find other markets for the 30,000 tons of rubber per year called for under the second Sino-Ceylonese five-year barter agreement concluded in 1957. 25X1
(Page 1) 25X1

NO
Watch Committee conclusion--Berlin: (No significant changes bearing on the possibility of hostilities.) 25X1

II. ASIA-AFRICA

25X1

NO
Iraq: A pro-Communist Iraqi Army officer has been named acting Deputy Chief of Staff for Operations following the arrest of the officer who previously held that post. The appointment will serve to consolidate Communist influence in the army and to facilitate the transfer of non-Communist officers to unimportant posts. 25X1

25X1

No
Watch Committee conclusion--Middle East: (Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq. The situation in the area remains precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.)

25X1

No
Iraq: (The Communists are progressively achieving control in Iraq, although for the present they may prefer not to move to take power in their own name.)

25X1

25X1

III. THE WEST

OK
European Economic Community: The five major airlines of the European Economic Community are negotiating the possible formation of an airlines pool to be known as **EUROPAIR**. This would involve the sharing of revenues and expenses as well as close technical cooperation, joint sales and advertising, and rationalization of route operations. Another meeting is expected to take place in The Hague later this month.

25X1

16 Apr 59

DAILY BRIEF

ii

25X1

25X1

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

I. THE COMMUNIST BLOC

Sino-Ceylonese Rice-Rubber Negotiations

Sino-Ceylonese rice-rubber negotiations, begun on 4 March, have not yet been concluded, primarily because of disagreement on the prices of rice and rubber to be exchanged during 1959 under the two countries' second five-year barter agreement. Continued delay could result either in a reduction of the amounts of rice and rubber to be exchanged or possibly in Ceylon's seeking alternative suppliers and buyers.

Ceylon made its first barter agreement with Communist China in 1952 to ensure a regular market for its rubber and an annual rice supply at a time when world supply of rice was low. When the second pact was negotiated in 1957 the situation had not improved sufficiently to enable Ceylon to quibble over prices. At present, however, abundant rice supplies in Asia and increased demand for rubber in Western markets apparently have convinced some Ceylonese officials that they can afford to drive a hard bargain. In the likely event that Peiping refuses to pay Colombo premium rubber prices, the Ceylonese Trade Ministry may attempt to lower the 30,000-ton annual minimum specified in the present five-year agreement with Communist China and to expand private rubber sales in Western markets. The corresponding reduction of rice imports from China could be offset by imports from Burma, one of Ceylon's principal suppliers. Burma has an estimated rice surplus of 2,200,000 tons which it must export relatively soon. Burma's high rice prices had stalled negotiations with Ceylon for a 1959 rice contract which would further lessen Colombo's reliance on its barter agreement with Communist China. (Rangoon now reportedly expects Colombo to buy a substantial amount of rice, however, and may be quoting a price acceptable to Ceylon)

While the Sino-Ceylonese agreement is not an economic necessity for Ceylon at present, Colombo is unlikely to cancel it without receiving assurances that long-term arrangements can be made elsewhere. Furthermore, Communist China has granted Ceylon \$15,750,000 and loaned it \$10,000,000 in economic aid, and the neutralist Bandaranaike government presumably does not wish to reduce the possibility of future Chinese Communist aid offers by appearing indifferent to its economic ties with Peiping.

25X1

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

Next 2 Page(s) In Document Exempt

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

25X1

III. THE WEST

Plans for European Civil Aviation Pool Make Progress

The five major airlines of the European Economic Community (EEC) are drawing up plans to pool their resources in a new organization to be known as EUROPAIR. Consisting of Air France, Sabena, KLM, Alitalia, and Lufthansa, EUROPAIR would involve a combination of ground services, standardization of aircraft fleets, joint bookings and sales, and consolidation of services and schedules within the EEC and abroad. Although short of an outright merger, close cooperation may extend to the sharing of revenue and expenses.

(Formation of EUROPAIR is in keeping with the trend toward business consolidation within the EEC and could strengthen the member airlines competitively on the major international routes, particularly the profitable North Atlantic run. EUROPAIR's members might also be in a strong position to concert their demands for additional landing rights in the United States, lack of which has long been one of their principal grievances.)

Allocation of shares between the well-established airlines like Air France and the relative newcomers like Lufthansa and Alitalia is reported to be the chief obstacle to an early agreement. KLM president Aler said after the recent meeting in Rome that while agreement had been reached on many points, a decision could not be expected for some time. (KLM's increased interest in the pool may reflect Dutch resentment over Britain's recent restrictions on that company's landing rights in Singapore.)

A fourth meeting of the five airlines is scheduled for late April in The Hague.

25X1

25X1

25X1

25X1

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

THE PRESIDENT

The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs
Scientific Adviser to the President
Director of the Budget
Office of Defense and Civilian Mobilization
Special Assistant for Security Operations Coordination
Board of Consultants on Foreign Intelligence Activities
Special Assistant for Foreign Economic Policy
Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State
The Under Secretary of State
The Under Secretary of State for Economic Affairs
The Deputy Under Secretary for Political Affairs
The Deputy Under Secretary for Administration
The Counselor
Director, International Cooperation Administration
The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense
The Deputy Secretary of Defense
Assistant Secretary of Defense for International Security Affairs
The Secretary of the Army
The Secretary of the Navy
The Secretary of the Air Force
The Chairman, The Joint Chiefs of Staff
Commandant, United States Marine Corps
The Director, The Joint Staff
Chief of Staff, United States Army
Chief of Naval Operations, United States Navy
Chief of Staff, United States Air Force
Assistant to Secretary of Defense for Special Operations
Director for Intelligence, The Joint Staff
Assistant Chief of Staff for Intelligence, Department of the Army
Director of Naval Intelligence, Department of the Navy
Assistant Chief of Staff, Intelligence, Department of the Air Force
Supreme Allied Commander, Europe
Commander in Chief, Pacific

The Department of the Interior

The Secretary of the Interior

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

TOP SECRET

Approved For Release 2002/09/04 : CIA-RDP79T00975A004400290001-1

TOP SECRET